

## **Update on Millennium Bank, Inc. (in Liquidation)**

### **For public release in St. Vincent and the Grenadines**

#### **Background**

On March 26, 2009, the International Financial Services Authority (“IFSA”) appointed Charles Thresh of KPMG Advisory Limited, Bermuda and Kris Beighton of KPMG in the Cayman Islands, as Joint Receivers of Millennium Bank Inc. (“the Bank”), to assume control over the Bank’s affairs and preserve its assets and records pursuant to Section 21(2) (e) of the International Banks Act 2004 (“IBA”).

Charles Thresh and Kris Beighton were subsequently appointed as Joint Provisional Liquidators (“JPLs”) of the Bank by Order of the Eastern Caribbean Supreme Court (the “Court”) in St. Vincent and the Grenadines (“SVG”) on April 9, 2009.

The appointment of the JPLs followed the winding up petition presented by IFSA in the interest of the Bank’s depositors and other creditors, following IFSA’s determination that the Bank had breached the IBA, and/or had been conducting business in a manner that is detrimental to the public interest. Pursuant to this Order, the JPLs are authorised to do all things necessary in connection with the collection and preservation of Bank’s assets.

Further to an Order of the Court dated May 3, 2010 Millennium Bank Inc. was duly wound up. Charles Thresh and Kris Beighton were appointed as Joint Liquidators (“JLs”) of the Bank in the same Order.

In addition to the liquidation of the Bank in SVG, there are three additional insolvency proceedings ongoing in respect of William Wise (“Wise”) and his associated companies:

- Liquidation of Millennium Bank Inc, Hong Kong. Edward Simon Middleton, Wong Wing Sze and Charles Thresh were appointed JLs on March 24, 2011 by the Hong Kong Court (“Hong Kong Liquidation”);
- Richard Roper was appointed as Receiver (“US Receiver”) on March 25, 2009 by the US District Court for the Northern District of Texas, Wichita Falls of various Millennium Entities; and
- Carla James of the SVG FIU, Michelle Fife of the SVG Ministry of Foreign Affairs and Jennifer Scott of the SVG FIU were appointed Joint Receivers (“SVG Receivers”) under the Proceeds of Crime and Money Laundering Act 2001 over the non bank assets of Wise, and Wise’s affiliated companies, including Millennium Aviation Inc., Tommy & Nelson Legacy Place Inc., Sterling Administration Inc. and Midnight Falls Inc.

#### **Receipts and payments account**

A summary of the Bank’s receipts and payments account for the period from appointment of the JPLs to the conclusion the liquidation is included at Appendix 1. The receipts and payments account also reflects the fees and expenses of the JLs and their advisors.

## **Asset recoveries and creditors' claims**

During the course of the liquidation the JLs sold motor vehicles and furniture owned by the Bank. Funds were also recovered from bank and brokerage accounts held in the Caribbean and Taiwan.

In addition the Bank had deposited funds totalling approximately US\$150k with the Bank of China in Hong Kong. It was necessary for the Hong Kong Liquidation to take place in order to recover these funds. The JLs made a claim in the Hong Kong Liquidation and an interim distribution of US\$90k was made and received in the first quarter of 2013. A further, final distribution of US\$24k was received in the second quarter of 2013 and the Hong Kong Liquidation is in the process of being closed.

The JLs provided information and cooperation to enable the US Receiver to pursue asset recoveries in the United States ("US"), specifically the US Receivers' action against Atlanta Northside Aviation. Other recoveries made by the US Receiver relate to the action against "winning investors" and the sale of Wise's real estate and personal property.

The JLs assisted the SVG Receivers to recover Wise's personal assets and the assets of affiliated companies valued in the region of EC\$1million. The JLs also assisted with investigations into the sale of Wise's residence at Ratho Mill, in an attempt to realise value for the Bank's estate. Title in this property is uncertain and, to date, this property has not been sold by the SVG Receivers.

No further asset recoveries are anticipated in the liquidation.

In the previous press release it was anticipated that there may be a distribution to creditors. In response to the notice, the JLs received 157 Proofs of Debt forms with claims totalling US\$39.9 million. Claims were received from Millennium Bank depositors as well as from investors in other William Wise entities which were connected to Millennium Bank, either through the corporate structure or by the way the investment products were sold or marketed (for example, co-branding with Millennium Bank).

A review of the claims raised a number of issues, primarily whether these potential creditors have valid claims in the estate of Millennium Bank. Ultimately, there were insufficient funds to warrant a formal adjudication and distribution to any depositor creditors from the SVG Liquidation.

However, a distribution of US\$25k was made to preferential creditors in respect of severance pay to certain former employees, and a defacto distribution of US\$74k was made to the US Receiver as a result of funds intercepted in the US.

Creditors should be aware that aside from the liquidation, they may be able to claim in the US proceedings. More information concerning these proceedings may be obtained on <http://millenniumbankreceivership.tklaw.com/>

Due to the time commitment by the JLs and their advisors to realise assets for the Banks estate, the assistance provided to the other insolvency proceedings, and dealing with the various claims, the costs of liquidation have been sizeable. In an attempt to minimize the liquidation costs, the JLs provided a discount of US\$218k to the time costs incurred when requesting approval of their fees from the Court. However, there are insufficient funds to pay the JLs discounted time costs and as a result the JLs have accrued unpaid fees of US\$263k, which are unlikely to be paid.

## Conclusion

As all matters have been finalized and all issues preventing the closure of the liquidation resolved, the JLs petitioned the SVG Registrar for the winding up and dissolution of the Company.

A notice to the Creditors and Contributories of the Bank of the JLs intention to apply for their release was published in both the Vincentian and Searchlight on July 19, 2013. No objections to the release of the JLs have been received and a hearing will be held for the JLs to be released on October 11, 2013 and for the dissolution of the Bank in accordance with the Companies Act S.404.

If you have any questions as to the procedure, you should contact Catherine Ridge (catherineridge@kpmg.bm, tel: +1 441 295 5063 ext 329). Creditors may also contact

Yours faithfully



Charles Thresh  
Managing Director  
KPMG Advisory Limited  
*Joint Liquidator*

*Enclosures:* Appendix 1 - Statement of receipts and payments

## Receipts and Payments

### Millennium Bank: Receipts and Payments

For the Period from the date of appointment of the Joint Provisional Liquidators April 9, 2009 to September 30, 2013

Currency - USDS	BoB USS (4504)	NCB USS (8651)	Rate ECS:US\$ \$2.70		Total (USDS)	Closure (USDS)	Final (USDS)
			NCB ECS (200857)				
<b>Total Receipts</b>							
Sale of furniture	-	20,000	12,941		32,941	-	32,941
Sale of motor vehicles	-	-	90,000		90,000	-	90,000
Cash-NCB (St. Vincent)	276,050	277,980	288,424		842,454	-	842,454
Cash - NCB fixed deposit (St. Vincent)	-	51,876	-		51,876	-	51,876
Cash - Mega (Taiwan)	33,788	-	-		33,788	-	33,788
Cash - First Commercial (Taiwan)	99,938	-	-		99,938	-	99,938
Cash -CMMB	155,546	-	-		155,546	-	155,546
Cash- National Bank of Anguilla	4,604	-	-		4,604	-	4,604
Cash - Bank of China (Hong Kong)	114,391	-	-		114,391	-	114,391
Interest and credit memo	86	-	-		86	-	86
Transfer from NCB Us dollar acc	2,268	-	-		2,268	-	2,268
Transfer from NCB EC dollar acc	11,828	-	-		11,828	-	11,828
<b>Total</b>	<b>698,499</b>	<b>349,856</b>	<b>391,365</b>		<b>1,439,720</b>	<b>-</b>	<b>1,439,720</b>
<b>Provisional Liquidation expenses paid to date</b>							
Liquidation Fees - KPMG Advisory	(464,359)	(203,567)	(85,539)		(753,465)	(35,981)	(789,445)
Liquidation Fees - KPMG Cayman	(98,339)	-	-		(98,339)	-	(98,339)
Liquidation Fees - KPMG St. Vincent	-	(8,663)	(3,253)		(11,916)	-	(11,916)
Liquidation Fees - KPMG T & T	(727)	(473)	-		(1,200)	-	(1,200)
Liquidation Fees - KPMG Canada	(10,265)	-	-		(10,265)	-	(10,265)
Liquidation - Fees KPMG Barbados	(2,850)	-	-		(2,850)	-	(2,850)
Legal Fees - Floissac Fleming	(518)	-	-		(518)	-	(518)
Legal Fees - Chen Yeh Law Offices	(122)	(5,000)	-		(5,122)	-	(5,122)
Legal Fees - Tanner De Witt	(28,112)	-	-		(28,112)	-	(28,112)
Legal Fees - Conyers Dill & Pearman	(8,208)	-	-		(8,208)	-	(8,208)
<b>Other expenses</b>							
Legal Fees - Joe Delves	(40,117)	(34,855)	-		(74,972)	(3,936)	(78,908)
Bank charges	(960)	(503)	(115)		(1,578)	-	(1,578)
Government of Hong Kong	(5)	-	-		(5)	-	(5)
Security -Guardman St. Vincent Ltd	-	-	(3,680)		(3,680)	-	(3,680)
Electricity	-	-	(735)		(735)	-	(735)
Rent & Service charge /Utilities	-	(450)	-		(450)	-	(450)
Transferred to Bermuda account	-	-	(277,778)		(277,778)	-	(277,778)
Transfer to HSBC Bank Bermuda acc/ acc closed	-	(2,268)	(11,951)		(14,219)	-	(14,219)
The Financial Center	-	-	(2,759)		(2,759)	-	(2,759)
Shipping costs for transfer of books and records to SVG	-	-	-		-	(4,000)	(4,000)
<b>Total</b>	<b>(654,582)</b>	<b>(255,779)</b>	<b>(385,810)</b>		<b>(1,296,171)</b>	<b>(43,917)</b>	<b>(1,340,088)</b>
<b>De Facto distribution to US Receiver</b>	-	(74,036)	-		(74,036)	-	(74,036)
<b>Preferential distribution - 100%</b>	-	(20,041)	(5,556)		(25,597)	-	(25,597)
<b>Total</b>	-	<b>(94,077)</b>	<b>(5,556)</b>		<b>(99,633)</b>	-	<b>(99,633)</b>
<b>Account Balance</b>	<b>43,917</b>	-	-		<b>43,917</b>	<b>(43,917)</b>	<b>0</b>

Source: KPMG analysis of the Bank's records